

OPENING STATEMENT
of
ADA DEER, ASSISTANT SECRETARY - INDIAN AFFAIRS
on the
FY 1996 BUDGET REQUEST FOR THE BUREAU OF INDIAN AFFAIRS
before the
SUBCOMMITTEE ON INTERIOR AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. SENATE
May 11, 1995

Introduction

Good morning, Mr. Chairman and Members of the Committee. I appreciate the opportunity to present the President's FY 1996 budget request for the Bureau of Indian Affairs (BIA). The BIA's request totals \$2.36 billion which includes \$1.91 billion in current authority and \$447.8 million for permanent appropriations and trust accounts. The FY 1996 request is \$163.3 million more than enacted in FY 1995 for programs funded by direct appropriations. The FY 1996 request was developed with tribal participation and stresses Indian Self Determination, investments in education, critical infrastructure needs, and the Secretary's commitment to trust fund and trust asset management reform.

Operation of Indian Programs

In 1996, over half of the BIA operating budget will be administered by tribes that elect to operate various BIA programs under self determination contracts and grants, or self governance compacts. BIA's administrative costs are modest; 86 cents of every operating dollar goes directly to the reservations. A total of \$1.6 billion is requested for the Operation of Indian Programs (OIP) appropriation, the BIA's major account. This request continues virtually all the amounts added by Congress last year and provides a net increase of \$86 million over the FY 1995 enacted level. The major program increases are in the areas of Indian education, tribal self-determination, and BIA management improvements.

Education

About one-third of all OIP resources are directed towards providing a quality education for Indian students, to improve future prospects for employment, expand economic opportunities, and enhance community life on Indian reservations. The FY 1996 OIP request provides \$539.4 million for BIA-funded elementary and secondary schools, colleges, and undergraduate and graduate scholarships. The School Operations request totals \$440.1 million, an increase of \$32.8 million, largely to provide for increasing enrollment. Funds of \$22.8 million for the Johnson-O'Malley Education Assistance are provided in the Tribal Priority Allocations program in FY 1996. Funding for the 24 Tribally Controlled Community Colleges is continued at \$27.4 million. The BIA continues the moratorium, adopted by Congress in the FY 1995 Department of Interior Appropriations Act, which prohibits adding any new schools beyond those that will be in the BIA system on September 1, 1995.

Indian Self-Determination

The 1996 BIA budget stresses the resources tribes need to develop strong and stable tribal governments. This continues the Secretary of the Interior's commitment to continue a meaningful Self-Determination policy under which Indian people fully participate in the planning, conduct, and administration of Indian programs and services. This commitment is most vividly demonstrated in the continued growth of the Tribal Priority Allocations (TPA) portion of the BIA's FY 1996 budget of \$766.6 million or almost half (48%) of the BIA operating budget. TPA is increased by \$245.6 million over 1995, mainly due to the transfer of programs totaling \$218.0 million into TPA. For the first time, Contract Support for ongoing tribal contracts is included in TPA, providing tribes with the opportunity to better manage their contracts and associated support costs within their TPA allocations. Additional increases in TPA include \$6.5 million for Contract Support, \$8.4 million for New Tribes, and \$2.0 million for Small and Needy Tribes.

In addition, requests for \$7.0 million in contract support funds for new and expanded tribal contracts and \$7.4 million for Self-Governance grants ensures that the compact tribes receive their negotiated share of the BIA's budget without adversely affecting other tribes. This funding will provide grants to 20 additional tribes authorized to enter into funding compacts in FY 1996.

Public Safety and Justice

As authorized in the Indian Tribal Justice Act of 1993, the BIA budget provides \$5.0 million for start up grants for the development of tribal justice systems. This funding allows tribes to address their law enforcement concerns while at the same time recognizing their inherent authority to establish their own form of tribal judicial systems.

Child Protection and Family Violence Prevention

The 1996 budget request includes \$5.0 million to initiate a child protection and family violence prevention grant program, first authorized in the Child Protection and Family Violence Prevention Act enacted in 1990. The Senate is considering proposed legislation that would reauthorize this program through FY 1997. Tribes will use the grants to establish programs to protect Indian children and reduce family violence in Indian country.

Construction

The FY 1996 request for the Construction appropriation is \$125.4 million, a reduction of \$4.6 million below the FY 1995 enacted level. Over half of the request (\$69.2 million) is for Education Construction. That is an increase of \$21.9 million over 1995 which reflects the importance of continued funding for school construction projects as well as critical school repair projects that can be accomplished in 1996. In the 1996 request, New School Construction is funded at \$35.0 million, \$30.5 million over FY 1995. This increased funding provides \$13.5 million for the construction of the Many Farms School in Arizona and \$21.5 to complete the Chief Leschi School in Washington State. They are ranked fourth and eighth on the New School Priority List which is currently limited to 16 schools. The six other schools on the first half of the Priority List are either completed or are scheduled for 1995 construction. Education

Facilities Improvement and Repair program is funded at \$31.2 million, a level compatible with BIA's anticipated progress in obligating FI&R funds.

The Budget also requests \$8.9 million to construct the new Ute Mountain Ute Detention Facility in Colorado. Fire protection and prevention capabilities will be enhanced by the \$4.8 million requested which will fund improvements such as new alarm and sprinkler systems in schools and detention centers.

The BIA budget includes \$30.0 million for the Safety of Dams program, an increase of \$12.0 million over FY 1995. This increased funding will accelerate the correction of structural deficiencies of high hazard dams on Indian lands.

Indian Land and Water Claims Settlement and Miscellaneous Payments to Indians

The \$151.0 million requested for this appropriation includes \$136.3 million for Indian Land and Water Claims Settlements. The FY 1996 settlement payments, an increase of \$19.8 over FY 1995, continues payments for legislative settlements resolving long standing tribal claims to water and lands. The program continues those payments for nine settlements as well as the Navajo Indian Irrigation Project and water rights negotiation and litigation studies. Program increases include \$7.6 million to ensure the Navajo Indian Irrigation Project continues on schedule and \$8.7 million for continuation of the Tongue River Dam Project as required in the Northern Cheyenne Settlement Act of 1992.

Tribal Land Consolidation

The FY 1996 budget request includes \$12.5 million to purchase highly fractionated interests in Indian lands pursuant to a legislative proposal which deals with one of the effects of the General Allotment Act. As allotted land held in trust has passed from generation to generation, ownership has often been divided among increasing numbers of heirs which diminishes the economic utility of Indian lands. The ownership interests, which continue to fractionate at a geometric rate, have complicated and overextended the BIA's realty, land records, and accounting management systems that support its responsibilities as trustee of Indian lands. The Bureau will submit its legislative proposal to the Congress upon completion of its consultation with tribes and individual Indians.

Trust Fund and Trust Asset Management Reform

The Secretary's fiduciary responsibility for over \$2.0 billion in tribal and individual Indian trust funds requires an even higher level of care than the traditional fiduciary. The Secretary is required to invest funds in the highest interest bearing securities allowed under law, while at the same time maintaining their safety. The Department and the BIA have been aggressively pursuing improvements in trust funds management over the past year, as well as improvements in the management of underlying ownership records and natural resources, in accordance with the Secretary's reform plan. The FY 1996 request provides the necessary funding to continue these efforts as well as fulfill the requirements of the recently passed American Indian Trust Fund Management Reform Act (Public Law 103-412).

To fulfill requirements of the Act, \$12.7 million is included in the FY 1996 request to reimburse individual Indian account holders for retroactive interest relating to principal losses incurred between 1984 and 1988 as a result of investments in failed financial institutions; and, the resources necessary to begin provision of technical assistance for development of tribal investment plans are included in the funds requested for the Office of Trust Funds Management.

The FY 1996 request of \$7.2 million will continue funding for land records improvement at an increased level. This initiative, which began in 1993, will automate existing manual processes required for land title and records functions, as well as continue to reduce backlogs.

National Performance Review

As you know, the President's FY 1996 budget requested \$2.36 billion for our agency. At the same time, as part of the President's Reinventing Government Initiative, all federal agencies are reexamining their mission. This includes: addressing the mission based on "customer" input; asking whether the mission could be accomplished as well or better without federal involvement; looking for ways to cut costs or improve performance through competition; and ways to put customers first, cut red tape, and empower employees. We are actively participating in this effort and will be keeping the Committee fully apprised of our review.

The Department of the Interior Management Council approved four re-invention laboratory projects designed to improve the delivery of services to Indian tribes and individuals. They are (1) streamlining the non-procurement contract award process; (2) streamlining the Housing Improvement Program; (3) establishing a partnership with other federal agencies for a one-stop service delivery approach currently in place for the Oglala Sioux Tribe that could be expanded to other tribes in South Dakota; and (4) developing an advanced approach for the collection and distribution of lease income for individual land owners on the Standing Rock Reservation.

Also, the BIA has developed a Customer Service Plan to improve performance and responsiveness towards Indian tribes and individuals. The major goals are a 50 percent reduction in program regulations, a reengineering of core business procedures and systems, and giving tribal governments increased decision making authority by 1999. Implementation of customer standards began this year.

BIA's Streamlining Plan

As part of the President's National Performance Review "REGO" II initiative and in support of full realization of Indian Self-Determination, the BIA will continue to downsize through the acceleration of tribal contracting and compacting of BIA programs. As tribal contracting and compacting of program operations increases, the Bureau's administrative presence will diminish. Accordingly, the Bureau has developed a proposal to provide self governance tribes a share of central and area office functions, and also make available these administrative shares for the contracting tribes, as authorized by the Indian Self-Determination Act and Tribal Self-Governance Act Amendments of 1994. The Bureau's proposal will also retain tribal shares for non-contracting tribes.

The Bureau also plans to streamline the administrative support functions that will remain within the Bureau by consolidating personnel, contracting, procurement and property management and program technical support services at a single support center in Albuquerque, New Mexico.

Within the near future, the Bureau will provide the Congress with a detailed proposal, including budgetary impacts and restructuring plans, that affect the current year as well as the 1996 President's budget.

Conclusion

This concludes my opening statement, Mr. Chairman. I and other BIA officials will be pleased to answer questions of the Committee.